

DRAFT op-ed for the Clarion-Ledger
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Like any business or household, Mississippi's budget is based on estimations of revenue for the coming year. Over the course of the year, those estimates are replaced by real numbers, and—if they are less than expected—we reduce what we actually spend.

Since Fiscal Year 2010 began on July 1, real numbers have come in, and things look worse than expected. In July, revenue was 11.27 percent or \$26.1 million, below what was forecast. Although revenue in August was closer to expectations, it was still down \$5.5 million, missing the mark by almost 2 percent. When compared to the same period in 2008, our collections are down by 13.83 percent, a decrease of more than \$85 million.

The FY 2010 budget already assumed we would collect less revenue than in years past, so these numbers, while very large, mask the magnitude of the crisis we may be facing. Collections for July fell 21.43 percent, or \$56.3 million, when compared to July 2008. Mississippi has collected less revenue than expected every month for an entire year.

Because of these multimillion dollar shortfalls, on Thursday I ordered \$174 million in spending cuts, including reductions in education spending. Although I have previously attempted to avoid cuts to education spending, that is no longer possible. Our FY 2010 budget already reflected substantial cuts for many agencies, but virtually no reductions in education spending, even though it amounts to more than 60 percent of the total budget.

The spending reductions I have ordered aim to ensure belt tightening is felt equally across government. For those agencies that were not cut a full 5 percent last year, I ordered reductions to bring those cuts to 5 percent. Agencies that previously saw budgets trimmed by 5 percent were left alone for the time being. Education, which had avoided nearly all previous cuts, will see a 5 percent reduction in spending.

Despite fear-mongering to the contrary, even after these cuts Mississippi will spend \$20.5 million more on education than it did last year. In other words, even after these cuts we will still spend more on education than ever before. **[true?]** For now, National Board Certification and Student Financial Aid will not be cut at all.

Some recommended postponing cuts to a later date, but that approach, while politically expedient, is neither honest nor wise. Agencies need to act now to plan effectively for the rest of the fiscal year. If I had waited to make cuts, agencies would have been forced to blindly guess how much money they would have for the rest of the year or—far worse—spend as though no cuts were coming and make deep cuts when they did.

In Mississippi we know all too well what a major storm on the horizon looks like, and we know we must make wise choices to prepare. Although we do not yet know how bad the budgetary storm will be in FY 2010, it has already begun to hit us, and some have forecast shortfalls potentially as high as \$800 million. While I hope revenue will considerably improve, we must make prudent fiscal choices now and going forward, and be prepared for a fundamental redesign of government if conditions worsen. This time, “business as usual” simply will not get the job done.